


MEMORANDUM

Department of Financial Services

To: Honorable Mayor and City Council

Through: Thomas J. Wilson, City Manager

From: Emma Karlen, Finance Director 

By: Lou Zenzen, Purchasing Agent 

Subject: **Purchasing Ordinance Revision**

Date: June 11, 2003

The Purchasing chapter of the Municipal Code was last updated in 1995. The proposed revisions to the Municipal Code are necessary to reflect current operating practices for order deliveries and to eliminate the bid process requirements on non-biddable services.

Although purchases over \$2,000 are currently placed with the Purchasing Division, delivery of goods are de-centralized and directly received by the ordering department. The primary reasons are due to the limited capacity of the warehouse located at the Public Works building to receive all the goods and the lack of full time receiving and delivery staff to support that function. Consequently sections I-2-7.01, I-2-7.02 and I-2-8.01 of the Municipal Code are requested to be changed to reflect the appropriate responsibilities of the department/division heads or designees to verify the orders received, inspect the goods and approve the invoices.

The second proposed change is to add section I-2-12.01-10 to exempt specific services that can not be bid and allow direct payments to the service providers without going through purchasing process. These payments are characterized as payments for services that are not biddable, obligations of the City arising out of indebtedness, memorandums of understanding, grants, refunds of deposits, or pass through collections on behalf of other governmental agencies.

REGULAR

NUMBER: 23.9

TITLE: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILPITAS
AMENDING TITLE I (ADMINISTRATION) CHAPTER I-2 (PURCHASING)
OF THE MILPITAS MUNICIPAL CODE

HISTORY: This ordinance was introduced at a meeting of the City Council of the City of
Milpitas on June 17, 2003, by motion of Councilmember _____, and was
finally adopted at a meeting of said Council on _____, upon
motion of Councilmember _____ by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

Gail Blalock, City Clerk

Jose S. Esteves, Mayor

APPROVED AS TO FORM:

Steven T. Mattas, City Attorney

ORDAINING CLAUSE:

THE CITY COUNCIL OF THE CITY OF MILPITAS DOES ORDAIN AS FOLLOWS:

WHEREAS, the City Council has determined that Chapter I-2 of Title I of the Milpitas Municipal Code should be amended to allow for faster payment processing to vendors and to streamline the purchasing function;

NOW THEREFORE, the City Council of the City of Milpitas does hereby ORDAIN as follows:

Section 1. Section I-2-7.01 of the Milpitas Municipal Code is hereby deleted and a new Section I-2-7.01 is added as follows:

I-2-7.01 Department head responsible for checking quality

Upon receipt by any department of equipment, supplies or services, the department head or designee, shall be responsible for the making of a careful check of the quality, condition, and quantity received against a copy of the purchase order and the packing list when applicable.

Section 2. Section I-2-7.02 of the Milpitas Municipal Code is hereby deleted and a new Section I-2-7.02 is added as follows:

I-2-7.02 Department head responsible for checking invoice

The department head or designee, upon receipt of a vendor's invoice, shall check the invoice for correctness of quantities, unit prices, price extensions, discounts, transportation, allowances, etc. When applicable, the department head or designee shall compare the same with the receiving copy of the purchase order and packing list. Approved invoices along with packing lists shall be forwarded to Accounts Payable for payment processing.

Section 3. Section I-2-8.01 of the Milpitas Municipal Code is hereby deleted and a new Section I-2-8.01 is added as follows:

I-2-8.01 Department head's inspection

The department head or designee, shall inspect, or cause to be inspected, all deliveries of equipment, supplies or services to determine their conformance to specifications. The department head or designee shall have the authority to require chemical, physical, or other tests of samples submitted with bids and samples of deliveries which are necessary to determine quality and conformance to the specifications. In the performance of such tests, the department head or designee shall have the authority to make use of laboratory facilities of any department of the City or any outside laboratory.

Section 4. Section I-2-12.01-10 is added to the Milpitas Municipal Code as follows:

To the payments of debt service and bond indebtedness; arbitrage compliance; refunds of deposits; pass through of collections on behalf of other governmental agencies; budget approved memberships and dues; authorized Community Development Block Grants (CDBG); memorandum of understanding obligations; budget approved contributions to not for profit organizations; United States Postal Service postage; City Council approved recreation grants; in-state employee travel expenses; and City Council approved CDBG grants.

Section 5. **Severability.** If any provision of this ordinance of the application thereof to any person or circumstance is held invalid, the remainder of this ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable. The City Council of the City of Milpitas hereby declares that it would have passed each section, subsection , subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one ore more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

Section 6. **Effective Date.** In accordance with California Government Code Section 36937, this ordinance shall take effect and be in force on the thirty-first day after adoption.

Section 7. **Publication.** Within fifteen days after the passage of this ordinance the City Clerk shall cause this ordinance or a summary thereof to be published once, with the names of those City Councilmembers voting for or against it, in the Milpitas Post, a newspaper of general circulation in the City of Milpitas, as required by law.